



STATES OF GUERNSEY ADVISORY & FINANCE COMMITTEE

Embargo – 9.30pm 19.09.2002

Press Release

Laurie Morgan, President of the Advisory and Finance Committee signs Tax Information Exchange Agreement with US – Paul O'Neill, US Treasury Secretary, calls on the rest of Europe to follow Guernsey's example

Today, Laurie Morgan, President of the Advisory and Finance Committee joined Paul O'Neill, US Treasury Secretary in Washington to sign a Tax Information Exchange Agreement between Guernsey and the US. This historic agreement relates to exchange of information by request between the two jurisdictions.

At the signing ceremony, Laurie Morgan made the following statement:

'I am very grateful for your warm welcome. I would like to thank the Treasury Secretary, Paul O'Neill and his negotiating team, particularly Barbara Angus, International Tax Counsel and Rocco Femia, Attorney Advisor for their diligence and understanding in the discussions which took place with Guernsey's own negotiating team to reach this Tax Information Exchange Agreement.

The people of Guernsey are very proud of the bonds of friendship and mutual co-operation that exist with the United States of America. The agreement that we are signing today is a natural progression for our relationship.

The Treasury Secretary's recognition of our high standards is very important for our international reputation. Guernsey maintains its good reputation through strict regulation and, as the Treasury Secretary stated, co-operation in targeting criminal abuse of the world's financial systems.

The co-operation that exists between Guernsey and US on law enforcement matters is reflected in the very good working relationship between Guernsey and the US Justice Department, FinCEN and Securities Exchange Commission. The Internal Revenue Service has also approved Guernsey's 'Know Your Customer' procedures.

Guernsey has a long standing commitment to international co-operation and best practice. We believe strongly in the need to encourage the development and enforcement of international standards. Like the Treasury Secretary, I also hope that other jurisdictions

in Europe will follow our example in reaching agreements on exchange of information with the US.

I am very pleased that we have concluded this agreement, and I am sure that it will help us to build on the close ties that already exist between Guernsey and the US.'

Ends.

Notes to editors

1. The Tax Information Exchange Agreement between Guernsey and the US relates to exchange of information by request and is within the terms of the Island's agreement with the OECD.

2. Present at the signing ceremony in addition to Laurie Morgan, President of the Advisory and Finance Committee were: Geoffrey Rowland QC HM Procureur; Mike Brown, States Supervisor; Rob Gray, Assistant Administrator of Income Tax; and Richard Green, Compliance Inspector, Guernsey Income Tax Department.

3. The States resolved on July 10 2002:

'to authorise the Advisory and Finance Committee acting upon a Resolution of that Committee (after receiving advice from the Administrator of Income Tax and the Law Officers) to nominate a member of the Committee to execute Tax Information Exchange Agreements.'

Laurie Morgan was so nominated in advance of the signing ceremony in Washington.

4. Guernsey is internationally acknowledged as a co-operative jurisdiction – a fact confirmed by the conclusions of the Financial Action Task Force in June 2000. The Island has in force comprehensive legislation in the fields of terrorism, drug trafficking, anti-money laundering and international co-operation.

5. Guernsey has a proven track record of proactive co-operation with the US Justice Department and the Securities Exchange Commission in criminal justice investigations. Guernsey's general assistance in criminal law cases has culminated on a number of occasions in the sharing by the US of forfeited assets with Guernsey.

6. Guernsey, through its regulatory body, the Guernsey Financial Services Commission, maintains a close working relationship with United States regulators in the fields of banking, insurance and collective investment schemes (mutual funds). The US Internal Revenue Service has approved the Guernsey 'Know Your Customer' procedures, which means that the clients of Guernsey based intermediaries are entitled to beneficial treatment in respect of withholding tax.

7. Please see attached press release from the US Treasury Department.
8. A copy of the TIEA between Guernsey and the US will be available on the States of Guernsey website at www.gov.gg
9. For further information and photographs of the ceremony please contact Jane Morgan on 01481 717 338.